to hide their true extent, indicates that the revenue cost for this Republican tax scheme will explode in the outyears threatening not only the balanced budget that the Republicans claim to support, but also threatening vulnerable programs such as Medicare and Medicaid.

Mr. Speaker, I have to say that far more outrageous than these tax breaks for the wealthy is what the Republican tax plan does to the least affluent working families, those struggling just to get in or stay in the middle class. The Republican bill denies a $500 child tax credit to more than 15 million working families because it does not let them count the credit against their payroll taxes. Those are the taxes that are deducted from a worker's paycheck.

Some of our Republican colleagues have claimed that working families who qualify for the earned income tax credit are welfare recipients and, Mr. Speaker, this is an outrage. The people who qualify for the earned income tax credit are working people, as the words ''earned income'' attest.

No less a conservative than Ronald Reagan himself praised the EITC as a great incentive for helping people make the transition from welfare to work. And I have to say, Mr. Speaker, this week we are trying to illustrate, as Democrats, in human terms the implications of the Republican tax scheme.

I have in New Jersey a woman named Debra Hammarstrom, a resident of Toms River, New Jersey. She is the divorced mother of two children. I am going to continue this later, Mr. Speaker, because I am very opposed to this tax plan.

HOW RELIABLE IS THE CONSUMER PRICE INDEX?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Florida [Mr. STEARNS] is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, I rise today to talk about something that has received a great deal of attention today, and that is the consumer price index, or CPI. Basically, what I am doing today is calling for a hearing here in Congress so that we may better understand it.

The CPI is known to most Americans as the most notable measure of inflation. A number of Federal Government programs are regularly adjusted to account for changes in the CPI, including the Social Security, veterans' benefits, Federal retirements, and the income tax rate schedule. The CPI is also employed in the private sector as a price or lease escalator.

Unfortunately, the CPI, which has so many important consequences for all Americans, is also greatly misunderstood. Most Americans do not know what the CPI stands for, much less how it is calculated and what its consequences are.

As a matter of brief instruction, the CPI is a Bureau of Labor Statistics measure of inflation. Established by the BLS in 1913, the CPI is based on a number of sample surveys. The surveys estimate the purchasing power and patterns of typical households, the shopping patterns, the prices on goods and services purchased by these households. In short, it is a Labor Department check on 71,000 different items at 22,000 different retail outlets.

Because of its enormous base and its political neutrality, the CPI has always been considered reliable. As a result, the CPI permeates every aspect of our daily lives and is embedded in nearly every essential Federal budgetary matter. It is estimated that changes in the CPI affect the incomes of over 70 million Americans.

Mr. Speaker, given this far-reaching effect, consensus over the accuracy of the CPI results in inevitable turmoil. All of a sudden Americans are either richer or poorer, benefits are either overstated or understated, income taxes are maladjusted, the poverty line is incorrect, and on and on and on.

Such a scenario is not only confusing but troubling. Unfortunately, such is the current climate. Last year the celebrated Boskin Advisory Commission issued a Senate-ordered report that estimated the CPI overestimates inflation by 1.1 percent per year. Instantly, Americans are wealthier, taxes are too low, the economy has been growing faster than we thought, and the budgetary world is just a little bit rosier.

Or is it, Mr. Speaker?

Certainly, the CPI is not perfect. How can the commission measure inflation without an error? The answer is simple. They cannot. It is generally understood that the CPI is not perfect, that it does, in fact, overstate inflation to some degree. Nevertheless, it is foolish to assume that the error is fixed at 1.1 percent. Probably it is much lower some years; much higher in other years.

The CPI is a complex measure of the real rate of inflation. As such, it is not an accurate cost-of-living measure. Put simply, the CPI is not subjective, while the cost or benefit of living is.

Economists cannot put a price or a cost on quality-of-life issues. For example, it is obvious that medical care is more expensive than it was 30 years ago, but it is also better. Diseases are better understood and easier to diagnose. Surgery is less dangerous and we simply live longer and healthier lives. So while the costs may have increased, so did the benefits or goods.

In simple terms many of the goods, although the same in theory, are truly quite different; a comparison of apples to oranges.

This is just one of a number of apparent blind spots on the CPI, blind spots that are recognized by everyone including the Boskin Commission. So while the Boskin report certainly recognizes deficiencies of the CPI, it also notes the folly in attempting to put an exact figure in the change in the cost and quality of living. Those who point to the report as evidence of a need to adjust the CPI are quick to point to the CPI's admitted deficiencies, but are slow to point out that the discrepancy is inherently subjective and impossible to calculate.

Lawrence Katz, a Harvard University economist and the former top economist at the Labor Department, warns against quick adjustments in either direction. He warns that it is ''logically inconceivable'' that the bias has been a consistent 1.1 percent for an extended period of time. In other words, inflation and the standard of living are going up but not at the same rate and not even at the same pace.

To say the least, we should be very careful about what we are doing. It would be far better for our country if we were to return the debate surrounding CPI revision to the economists and to the universities where it belongs. Congress should instead address the real problems that face our Nation by balancing the budget and paying off the national debt.

Nevertheless, Mr. Speaker, I urge my colleagues to consider and to study the CPI in great depth and, Mr. Speaker, I call for a hearing here in Congress so that the American people can better understand the experts.

WHO BENEFITS FROM THESE TAX CUTS?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentlewoman from Connecticut [Ms. DELAURO] is recognized during morning hour debates for 5 minutes.

Ms. DELAURO. Mr. Speaker, this is an important week in the House of Representatives. There is going to be a discussion and a debate and a vote on a tax cut. Democrats and Republicans are supporting tax cuts. I will repeat that. Democrats and Republicans are supporting tax cuts. The issue and the discussion and the debate will be about, from these tax cuts, who benefits? Who are the people in this country who are going to be the beneficiaries of this tax relief or these tax cuts?

In fact, Mr. Speaker, there is a difference between the Republican tax cut proposal and the Democratic tax cut proposal. The Republican tax proposal hurts working, middle-class families. That is the truth, plain and simple. While my colleague on the other side of the aisle will stand in the well of this House and say otherwise, it is not, in fact, the truth.

Here are the facts about the Republican tax proposal. Let me just mention recent, within the last couple of days, newspaper articles that talk about these tax proposals. Quote: Before Congress votes on anything, however, it should get its facts right. The Republicans present bogus, false, bogus, wrong tables suggesting that their tax package is fair. The tables